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IRS AIRCRAFT VALUATION RULES MAY BE OUT LATE THIS MONTH

Internal Revenue Service issued some revised regulations last week on recordkeeping requirements and the taxation of fringe benefits, but aircraft owners and operators will have to continue waiting for additional rules to determine the amount of tax liability they have incurred through the personal use of business aircraft.

The revised rules published in the Nov. 6 *Federal Register* ease earlier recordkeeping requirements that had come under fire when they were first published early this year *(BA, Jan. 7/1).* They also provide a clearer definition of the term "control employe," and a National Business Aircraft Association official said the new definition tends to make "control employes," or top officials of a company, a smaller group. Most of the material published last week, however, focuses on the personal use of ground-based vehicles and not aircraft.

Asked about the key issue of the value to be placed on the personal use of aircraft, Annette Guarisco of the IRS Legislation and Regulations Division told *BA* Friday "we hope to get those regulations out by the end of November." When the initial aircraft valuation rules were published in January they were widely attacked by aviation industry officials for overstating the value of private use of company-owned aircraft. After Congressional intervention in the issue, the Treasury Department in May issued a letter scaling down the tax impact of personal use of business aircraft and at least partially equating tax liability with the size of the aircraft used *(BA, May 6/137).* Despite that change in the initial IRS/Treasury position, industry officials said more specific regulations were needed to enable companies and individuals to adequately assess their tax situation and it is that additional guidance that IRS now expects to provide by the end of the month.

AGREEMENT REACHED ON SALE OF VAN DUSEN TO APL FOR $21 PER SHARE

Van Dusen Air, Inc., Minneapolis, Minn. and a group affiliated with a New York investment firm reached agreement last week on the sale of the aviation firm for $21 per share. APL Limited Partnership, an affiliate of the New York firm of Miller Tabak Hirsch & Co., has agreed to acquire all outstanding shares of Van Dusen. Total value of the deal is about $85 million and APL also will assume about $22 million in existing Van Dusen debt. The agreement is subject to a number of provisions, including the ability of APL to obtain the necessary financing. In the event the acquisition is not completed by Jan. 20, 1986, APL has agreed to observe a five-year "standstill" period, during which it will not purchase any shares of Van Dusen or otherwise seek control of the company.

Last week's announcement apparently ends a very expensive legal battle for control of Van Dusen that the two parties have been waging since this summer. APL began buying Van Dusen shares in June and both sides subsequently engaged in a series of lawsuits and tender offers aimed at obtaining enough shares to obtain control *(BA, Aug. 26/65).* Neither side was able to do that through its respective tender offers and Van Dusen officials finally agreed to vote in favor of APL's acquisition after APL agreed to buy all outstanding stock for $21 per share and not limit its purchases to simply a controlling interest. In its

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BUSINESS/PERSONAL AIRCRAFT INDUSTRY – OCTOBER UNIT SHIPMENTS

		Oct. 85	Cal. Year
AEROSPATIALE GENERAL AVIATION			
• Single-Engine			
TB9	Tampico	0	3
TB10	Tobago	4	17
TB20	Trinidad	13	42
TB21	Trinidad TC	0	1
R110		0	2
R180		1	1
R235		0	0
TOTAL		18	66
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-77	Skipper	0	0
BE-C23	Sundowner	0	1
BE-C24R	Sierra	0	0
BE-F33A	Bonanza	1	18
BE-A36	Bonanza	4	64
BE-V35B	Bonanza	0	0
BE-B36TC	Bonanza	1	13
• Multi-Engine			
BE-B55	Baron	0	0
BE-E55	Baron	0	1
BE-58	Baron	0	19
BE-58TC	Baron	0	1
BE-58P	Baron	1	12
BE-76	Duchess	0	5
BE-B60	Duke	0	0
BE-C99	Airliner	0	0
BE-C90-1	King Air	0	22
BE-F90-1	King Air	0	3
BE-B100	King Air	0	0
BE-200	Super King Air	0	23
BE-200C	Super King Air	0	3
BE-300	Super King Air	2	33
BE-200T	Super King Air	0	0
BE-1900C	Commuter	2	16
TOTAL		11	234
Manufacturers net billing – $11,166,986.25			
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	3	25
HS-748		1	4
BAe 146-100		0	7
BAe 146-200		3	8
HS-125-800	Model A	1	15
HS-125-800	Model B	2	5
TOTAL		10	64
PILATUS BRITTEN-NORMAN LTD.			
• Multi-Engine			
BN-2B	Islander	1	8
BN-2T	Islander	0	0
Mark III	Trislander	0	0
TOTAL		1	8
CANADAIR LIMITED			
• Multi-Engine			
CL-600	Challenger	0	0
CL-601	Challenger	1	6
TOTAL		1	6
CESSNA AIRCRAFT CO.			
• Single-Engine			
CE-152		3	90
CE-A152	Aerobat	0	6
CE-172	Skyhawk	0	166
CE-172	Cutlass	0	5
CE-172RG	Cutlass	0	11
CE-182	Skylane	1	80
CE-182	Turbo Skylane	0	0
CE-182RG	Skylane RG	0	14
CE-182RG	Turbo Skylane RG	1	12
CE-185	Skywagon	0	18
CE-U206	Stationair 6	3	42
CE-TU206	Turbo Stationair 6	1	25
CE-207	Stationair 8	0	0
CE-TU207	Turbo Stationair 8	0	0
CE-210	Centurion	0	10
CE-T210	Turbo Centurion	1	49
CE-P210	Pressurized Centurion	5	22
CE-188	AgHusky	0	0
CE-188	AgTruck	0	0
• Multi-Engine			
CE-303	Crusader	0	15
CE-335		0	0
CE-340		0	5
CE-402		0	11
CE-404	Titan	0	0
CE-414	Chancellor	1	2
CE-421	Golden Eagle	0	1
CE-208	Caravan I	6	46
CE-425	Conquest I	0	18
CE-441	Conquest II	0	11
CE-500	Citation I	0	6
CE-550S/II	Citation II	7	48
CE-650	Citation III	0	16
CESSNA/REIMS AVIATION			
• Single-Engine			
CE-F152		1	11
CE-F152	Aerobat	1	6
CE-F172	Skyhawk	0	2
CE-FR172	Hawk XP	0	0
CE-F182	Skylane	0	0
CE-F182RG	Skylane RG	0	0
TOTAL		31	748
Manufacturers net billing – $26,472,514			
AVIONS-MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	0	0
AD-My.20	Falcon	0	1
AD-My.200	Falcon	1	7
AD-My.50	Falcon	1	8
TOTAL		2	16
DEHAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-6		0	17
DHC-7		0	4
DHC-8		0	10
TOTAL		0	31
EMBRAER			
• Single-Engine			
EMB-200		0	0
EMB-201	Ipanema	6	23
EMB-710	Carioca (PA-28-235 Dakota)	0	2
EMB-711	Corisco (PA-28RT-201 Arrow)	4	16
EMB-712	Tupi (PA-28-181-Archer II)	0	6
EMB-720	Minuano (PA-32-310 Seratoga)	5	10
EMB-721	Sertanejo (PA-32R-301 Seratoga)	0	5
• Multi-Engine			
EMB-110	Bandeirante	0	7
EMB-120	Brasilia	1	3
EMB-121	Xingu	0	2
EMB-810D	Seneca II	3	32
EMB-820	Chieftain	0	1
TOTAL		19	107
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		0	2
Fairchild 30		0	0
Merlin IV-C		0	1
Metro III		2	12
Expediter		1	5
TOTAL		3	20
GATES-LEARJET			
• Multi-Engine			
LR-25D		1	3
LR-25G		0	3
LR-29		0	0
LR-35A		0	7
LR-36A		0	0
LR-55		1	6
TOTAL		2	19

		Oct. 85	Cal. Year
GULFSTREAM AEROSPACE			
• Multi-Engine			
GR-1159A	Gulfstream III	0	12
AE-840	Turbo Commander	0	1
AE-900	Commander 900	3	7
AE-980		0	0
AE-1000		1	27
TOTAL		4	47
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	*	0
1124A	Westwind 2	*	7
	Astra	*	1
TOTAL		*	8
LAKE AIRCRAFT			
• Single-Engine			
LA-4-200EP		0	6
LA-250	Renegade	1	13
TOTAL		1	19
MAULE AIR INC.			
• Single-Engine			
M-5-180C		0	22
M-5-200		0	0
M-5-235C	Lunar Rocket	0	1
M-6-235		1	5
M-7-180		2	18
M-7-235	Super Rocket	1	11
MX-7-235		4	16
TOTAL		8	73
Manufacturers net billing – $411,077			
MITSUBISHI			
• Multi-Engine			
Solitaire		0	0
Marquise		1	4
Diamond		0	3
Diamond II		1	2
TOTAL		2	9
MOONEY AIRCRAFT CORP.			
• Single-Engine			
M-20J	201	8	40
M-20K	231	2	29
TOTAL		10	69

		Oct. 85	Cal. Year
PIPER AIRCRAFT CORP.			
• Single-Engine			
PA-38-112	Tomahawk	0	0
PA-28-161	Warrior	22	84
PA-28-181	Archer II	5	78
PA-28-236	Dakota	3	19
PA-28RT-201T	Turbo Arrow IV	1	14
PA-32-301	Saratoga	3	28
PA-32R-301	Saratoga SP	4	12
PA-32R-301T	Turbo Saratoga SP	2	17
PA-46-310P	Malibu	6	85
• Multi-Engine			
PA-31-350	Chieftain	0	6
PA-31P-350	Mojave	0	12
PA-31-500	Cheyenne I	0	1
PA-31-500	Cheyenne IA	0	2
PA-42-720	Cheyenne III	0	1
PA-42-720	Cheyenne IIIA	1	5
PA-42-1000	Cheyenne 400LS	1	17
PA-34-220T	Seneca III	9	52
PA-44-180	Seminoleq	0	12
PA-44-180T	Turbo Seminole	0	5
PA-700P	Aerostar	0	7
PA-T1020		0	0
PA-T1040		0	1
TOTAL		57	458
Manufacturers net billing – $9,977,348			
SHORT BROTHERS LTD.			
• Multi-Engine			
SBJ-CS-7	Skyvan	0	0
SD-3-30		0	1
SD-3-60		2	15
TOTAL		2	16
	SINGLE-ENGINE	121	1,291
	MULTI-ENGINE	61	719
	GRAND-TOTAL	182	2,010

UNIT SHIPMENTS COMPARATIVE TREND: 19 MANUFACTURERS

	October			Calendar Year to Date		
	1985	1984	1983	1985	1984	1983
Aerospatiale	18	*	*	66	*	*
Beech	11	36	20	234	349	328
British Aerospace	10	3	4	64	46	46
Britten Norman	1	0	*	8	9	10
Canadair	1	*	*	6	16	*
Cessna	31	68	57	748	804	1,090
Dassault	2	4	0	16	23	22
De Havilland	0	1	1	31	20	10
Embraer	19	15	6	107	88	70
Fairchild	3	3	6	20	23	29
Gates	2	2	0	19	19	24
Gulfstream	4	3	5	47	41	51
Israel	*	3	0	*	11	7
Lake	1	*	3	19	23	21
Maule	8	8	3	73	46	33
Mitsubishi	2	1	0	9	12	*
Mooney	10	10	12	69	119	115
Piper	57	59	40	458	522	509
Short	2	2	1	16	27	26
TOTAL	182	218	158	2,010	2,159	2,425

* Figures not available.